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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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In the Matter of )  
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MCI Telecommunications Corporation ) CC Docket No. 97-250  
 ) Reference No. CCB/CPD 98-12  
Petition for the Prescription of Tariffs )  
Implementing Access Charge Reform )  
  
To: The Commission

**COMMENTS OF CABLE & WIRELESS, INC.**

Cable & Wireless, Inc. ("CWI"), by its attorneys and pursuant to Public Notice DA 98-385, released February 26, 1998, hereby submits these comments in support of the above-captioned petition filed by MCI Telecommunications Corporation ("MCI") on February 24, 1998 (the "MCI Petition"). In support of these comments, the following is respectfully shown:

The collection process for the newly-created presubscribed interexchange carrier charge ("PICC") is seriously flawed. In essence, the process has forced the interexchange carriers ("IXCs") to become nothing more than a costly, and inefficient, collection agency for the local exchange carriers ("LECs"). Under the current scheme, the incumbent LECs ("ILECs") bill the PICCs to the IXCs; in turn, the IXCs must then recover these costs from their customers. In order to recover the PICC costs in a fair manner, however, IXCs must have *timely, usable* and *accurate* end-user information from the ILEC. Unfortunately, although the ILECs are billing

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PICCs to them, the IXC generally have not received sufficient information to enable them to recover the charges from end-users accurately.

Because the IXCs' obligation to pay the PICC has no reciprocal ILEC obligation to provide accurate and timely information to the IXCs, the current PICC collection process provides no motivation for the ILECs to provide the necessary information. CWI believes that a better approach is to remove the IXCs as the middleman in the PICC collection process and simply require the ILECs to collect PICCs directly from end-users.

It seems clear that the ILECs are the appropriate party to collect the PICC from end-users. Because the ILECs are the beneficiaries of the PICC, they are motivated to collect it; and, as the carriers with the necessary end-user information, they are able to bill the PICC to end-users accurately and promptly.

As demonstrated in the MCI Petition and as further supported herein, direct ILEC recovery of PICCs from end-users is a much better system than the one now in place. In the alternative, the Commission should prescribe the ILEC PICC tariffs and adopt measures that will enable the IXCs to recover PICC related costs more accurately and completely.

#### **I. THE LECS SHOULD COLLECT THE PICC DIRECTLY FROM END-USERS**

The PICC collection process should be streamlined to eliminate the needless intermediate role played by the IXCs. Indeed, the ILECs possess all relevant PICC information and already bill end-users directly each month for customers that remain un-PICed to an IXC.

Most IXCs do not have the information necessary to assess and recover the PICC from end-users. While some IXCs collect line-type information directly from their subscribers, this estimation by the customer is frequently inaccurate or inconsistent with the LECs. This may

result in the IXCs' realizing less than full recovery of the PICC charges, or alternatively, a higher than necessary charge to end-users. Since the ILECs are perfectly capable of collecting the PICC directly from end-users without either of those risks, there is no reason to require the IXCs to be inserted into the middle of the PICC collection process.

In addition to the financial losses or customer relations problems to which the IXCs will be subject if they are required to assess the PICC without the necessary information, IXCs could face additional losses because (unlike the ILECs) there are many customers whom the IXCs do not bill every month. Specifically, not all end-users utilize long distance service each month.<sup>1</sup> In these cases, the IXC would either have to send a bill reflecting an amount for the recovery of the PICC alone or simply forego or postpone revenue recovery. CWI's billing system simply cannot accrue charges for multiple months and render a bill only when the customer utilizes one of its long distance services. Moreover, accruing revenues on a month to month basis, never knowing whether those amounts would actually be realized, would create numerous accounting difficulties. And, if the customer changes IXCs before the charges are billed, the IXC will have lost its ability ever to recover these costs.

IXC involvement also introduces a significant level of unnecessary administrative cost into the PICC process. Each IXC must review and verify ILEC data (even if received) and rebill the PICC to end-users. This processing of ILEC bills on the one hand and then resending them, on the other, is a substantial (and totally unnecessary) expense.

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<sup>1</sup> MCI stated as many as 25 to 30 percent of its customers do not place long distance calls each month. See MCI Petition at 8.

CWI has been required to undertake significant administrative efforts to accommodate the PICC. Billing systems had to be modified and updated to include the new charge. These modifications involved significant efforts from several groups within the information technology departments. Marketing, sales and customer service had to be educated fully about the new access charge regime, and the sales representatives had to explain the new regime to customers. The finance group spent hundreds of hours developing new internal reports to process the new LEC PICC bills. And, finally, carrier accounting needed to develop new auditing procedures in order to be able to audit the ILEC bills. In short, CWI estimates that it has already spent hundreds of thousands of dollars in order to implement the FCC's new access charge regime. These costs will continue to grow, especially in light of the ILECs admission that they may not be billing all PICCs correctly, and their stated intent to correct and backbill IXCs for an unspecified period of time.

Importantly, the current roundabout recovery scheme for the PICC also negatively impacts end-users. Specifically, both the ILECs and IXCs must utilize administrative resources in processing, reviewing and transmitting information between them for the recovery of the PICC. These administrative expenses will ultimately be borne by end-users through higher rates for services.

## **II. THE IXCS MUST BE ABLE TO RECOVER THE PICC IF THE LECS ARE NOT REQUIRED TO BILL IT DIRECTLY**

The MCI Petition requested that the Commission prescribe certain rates, terms and conditions in the investigation of the ILEC tariffs. Such prescription is necessary only to the extent that the IXCs are responsible for the collection of the PICC. However, in that event, the

Commission should adopt the measures proposed in the MCI Petition to ensure that the IXC's are able to recover the PICC efficiently.

**A. The IXC Should Not Be Liable For PICCs If The ILEC Has Failed To Provide Timely, Usable, Accurate, And Verifiable End-User Line Type Information**

The ILECs receive the benefit of the PICC regardless of whether the IXC's are able to recover these costs from their end-users. Because the ILECs' failure to provide the necessary information does not impair their ability to collect the PICC, they have little incentive to provide such information promptly or accurately. To properly motivate the ILECs, they should not be permitted to bill PICC charges unless they provide accurate, timely and usable information to the IXC's at the same time.

For example, the Commission has designated multiple PICC levels, which differ based on the type of customer and the products they purchase from the ILEC. PICCs also vary from one LEC to another. Currently, there is no way for the IXC to obtain all the pertinent information from the ILEC. One possible solution would be through IXC access to the LEC CARE systems. These systems currently provide IXC's with some information about end-users and are utilized by IXC's in the PIC process. CWI believes that PICC information would be a logical extension of these systems, and urges the FCC to require that the LECs provide up to date information about PICCs in the CARE system if IXC's are required to continue their involvement in the PICC recovery process.

**B. The Definition of Primary And Secondary Lines Should Be Standardized**

As demonstrated in the MCI Petition, the ILEC tariffs that became effective on January 1, 1998, utilized a wide range of definitions for primary and secondary residential lines.

This forces IXC's to recover PICC costs on estimates rather than actual verifiable data.<sup>2</sup>

Moreover, the MCI Petition stated that the January ILEC access invoices billed MCI on the basis of invalid carrier codes, misclassified customers, or duplicated line count records.<sup>3</sup>

MCI's experience is not novel among IXC's. The lack of standard definitions and the inability to verify line type information will result in ongoing losses for the IXC's. Accordingly, CWI supports MCI's proposal that the definitions of primary and secondary lines be standardized and the proposal that all PICC related information provided by the ILECs to the IXC's be independently auditable.<sup>4</sup>

**C. A Standard Snap-Shot Should Be Utilized By The ILECs**

MCI requested that a standard date be utilized by all of the ILECs when determining which customer's PICCs are assigned to a particular IXC.<sup>5</sup> The purpose of this "snap-shot" is to provide a point in time when the PICCs may be assessed. Because some portion of the end-users may be changing local and long distance carriers at any time for various reasons, if the ILECs each take their "snap-shot" at different times, the aggregate PICC information upon which the IXC's must rely may be inaccurate or conflicting. This compromises the ability of the IXC's to estimate and recover their PICC costs. This is particularly burdensome for CWI, which serves

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<sup>2</sup> MCI Petition at 17.

<sup>3</sup> Id. at 19.

<sup>4</sup> CWI wishes to note that the Commission has accepted comments in response to its notice of proposed rulemaking, *In Re Defining Primary Lines*, CC Docket No. 97-181, 12 FCC Rcd 13647 (1997). CWI agrees with MCI that it would be appropriate to either issue an order in this docket or prescribe language in the ILEC tariff investigation matter that requires the ILECs to adopt standardized, clear, competitively neutral residential line definitions. See MCI Petition at 17.

<sup>5</sup> MCI Petition at 24.

primarily business customers who often have multiple business locations and, thus, are served by more than one LEC. However, CWI sends its customer only one bill. For CWI to assess accurate PICC charges on these customers, it needs standardized information from the ILECs. A standard "snap-shop" date, as advanced in the MCI Petition, would help CWI greatly.

**D. The IXC Should Not Be Held Responsible For The PICCs Of Non-Customers**

On December 3, 1997, Sprint filed a Petition for Declaratory Ruling seeking a Commission ruling that, if an IXC has terminated service to a presubscribed customer for non-payment or for tariff violations, the IXC is no longer liable for PICCs related to that customer line (assuming the IXC has made a timely notification to the ILEC that the IXC no longer has a relationship with the end-user.)<sup>6</sup> The MCI Petition supports this view, since IXC termination is no different than where a customer decides not to presubscribe its line to any IXC. As shown by its Comments on the Sprint Petition, CWI supports these de-PIC proposals.

**III. CONCLUSION**

For the foregoing reasons, CWI supports MCI's Petition requesting that the Commission require the ILECs to recover the PICC directly from end-users. In the alternative, CWI requests that the Commission prescribe ILEC tariffs to include measures that will provide the IXCs with timely, accurate and usable end-user information, including standardized

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<sup>6</sup> MCI Petition at 23.

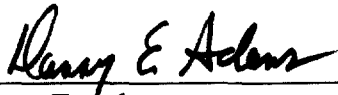
definitions of primary and secondary lines, the creation of a standard "snap-shot" date, and a notification mechanism for de-PICs.

Respectfully submitted,

**CABLE & WIRELESS, INC.**

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March 18, 1998

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## CERTIFICATE OF SERVICE

I, Roberta Schrock, hereby certify that a true and correct copy of the foregoing **Comments of Cable & Wireless, Inc.**, has been served on this 18th day of March, 1998, by first class United States mail, postage prepaid, upon the following:

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